

9599

RECEIVED  
NOV 17 AM 10:51

**ASSOCIATION FOR RETARDED CITIZENS--  
IBERVILLE, INC.  
PLAQUEMINE, LOUISIANA  
ANNUAL FINANCIAL REPORT**

**JUNE 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-07

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2006**

	<u><b>PAGE</b></u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
Schedule 1: Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
<b>FINANCIAL STATEMENTS</b>	5
Statement of Financial Position	6
Statement of Activities	7-8
Statement of Cash Flows	9
Notes to Financial Statements	10-12
<b>SUPPLEMENTARY INFORMATION</b>	13
Schedule 1: Insurance in Force (Unaudited)	14
Schedule 2: Summary of Findings and Questioned Costs	15-16

# **BAXLEY AND ASSOCIATES, LLC**

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/PFS, CVA  
Margaret A. Pritchard, CPA

-----  
Staci H. Joffrion, CPA

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Association for Retarded Citizens—Iberville, Inc.

We have audited the accompanying statement of financial position of the Association for Retarded Citizens—Iberville, Inc. (a non-profit organization) as of June 30, 2006, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

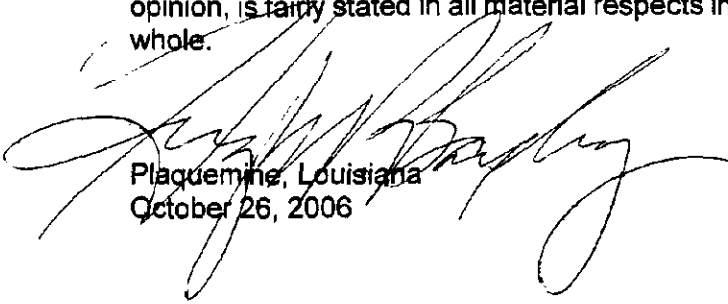
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association for Retarded Citizens—Iberville, Inc. as of June 30, 2006, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2006, on our consideration of the Association for Retarded Citizens—Iberville, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITORS' REPORT, Continued

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the Schedule of Insurance in Force marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Plaquemine, Louisiana  
October 26, 2006

# **BAXLEY AND ASSOCIATES, LLC**

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/PFS, CVA  
Margaret A. Pritchard, CPA

Staci H. Joffrion, CPA

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Association for Retarded Citizens--Iberville, Inc.

We have audited the financial statements of the Association for Retarded Citizens--Iberville, Inc. (a non-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated October 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Association for Retarded Citizens--Iberville, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Association for Retarded Citizens--Iberville, Inc.'s ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of finding and questioned costs as item 2006-1.

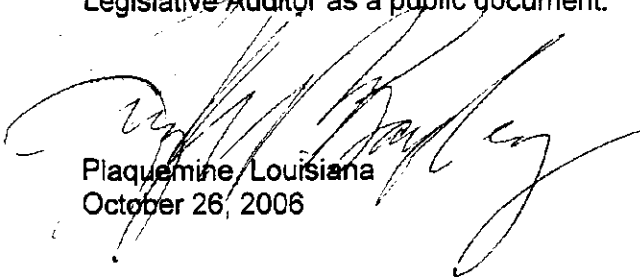
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS, Continued**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Association for Retarded Citizens—Iberville, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Plaquemine, Louisiana  
October 26, 2006

## FINANCIAL STATEMENTS

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2006**

**ASSETS**

Current Assets	
Cash	\$ 855,501
Accounts receivable--Employees	978
Accounts receivable--Contracts	189,626
Janitorial inventory	2,165
Prepaid expense	<u>16,262</u>
Total Current Assets	<u>1,064,532</u>
Property and Equipment	
Vehicles	133,355
Workshop tools	12,805
Furniture and fixtures	<u>32,811</u>
	178,971
Less accumulated depreciation	<u>(156,911)</u>
Total Property and Equipment	<u>22,060</u>
Other Assets	
Utility deposit	<u>25</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,086,617</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts payable	\$ 19,083
Payroll taxes withheld and accrued	<u>27,566</u>
Total Current Liabilities	<u>46,649</u>
Net Assets:	
Unrestricted	<u>1,039,968</u>
Total Net Assets	<u>1,039,968</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,086,617</u></b>

The accompanying notes are an integral part of this statement



**ASSOCIATION FOR RETARDED CITIZENS-IBERVILLE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Total</u>	<u>Adult Day Care</u>	<u>Supervised Living / Individual &amp; Family Living</u>
<b>REVENUE</b>			
Social (Adult Habilitation Services)	\$ 179,554	\$ 179,554	\$ -
Iberville Parish Council	23,296	23,296	-
Community Network, Inc.			-
Office of Community Services, Div.	176,558	176,558	
of Rehabilitation Services	10,584	10,584	-
Capital Area United Way Allocation	34,769	34,769	-
Structured Work Program	98,004	98,004	-
Contributions	2,805	2,805	-
Interest	8,143	8,143	-
Dues	150	150	-
Recycling	258	258	-
Miscellaneous	9,221	9,221	-
Medicaid	1,392,503	81,745	1,310,758
<b>TOTAL REVENUE</b>	<b>1,935,845</b>	<b>625,087</b>	<b>1,310,758</b>
<b>EXPENSES</b>			
Salaries	1,270,716	532,137	738,579
Payroll taxes	106,775	44,845	61,930
Repairs and maintenance	29,863	29,863	-
Professional fees	6,060	4,242	1,818
Computer consultant	6,507	4,555	1,952
Supplies	94,569	93,267	1,302
Telephone	7,505	5,254	2,251
Postage	918	643	275
Bad debts	7,806	7,806	-
(Continued)			

The accompanying notes are an integral part of this statement.

**ASSOCIATION FOR RETARDED CITIZENS-IBERVILLE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Total</u>	<u>Adult Day Care</u>	<u>Supervised Living/ Individual &amp; Family Support</u>
<b>EXPENSES</b>			
Travel	35,175	28,140	7,035
Dues	75	75	-
Miscellaneous	5,228	4,182	1,046
Depreciation	11,897	11,897	-
Utilities	14,367	14,367	-
Convention meetings	5,176	4,141	1,035
Licenses	701	-	701
Insurance	138,204	95,555	42,649
Medicaid billing	-	-	-
Training and workshops	4,506	1,126	3,380
Client assistance	9,404	9,404	-
Medical	87	-	87
<b>TOTAL EXPENSES</b>	<u>1,755,539</u>	<u>891,499</u>	<u>864,040</u>
 <b>CHANGE IN NET ASSETS</b>	 <b>180,306</b>	 <b>(266,412)</b>	 <b>446,718</b>
 <b>NET ASSETS, BEGINNING</b>	 <u>859,662</u>	 <u>(722,322)</u>	 <u>1,581,984</u>
 <b>NET ASSETS, ENDING</b>	 <u><u>\$ 1,039,968</u></u>	 <u><u>\$ (988,734)</u></u>	 <u><u>\$ 2,028,702</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 180,306
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	11,897
(Increase) in accounts receivable	(10,770)
(Increase) in prepaid insurance and expense	(1,809)
Increase in payroll taxes withheld	9,962
Increase in accounts payable	9,776
(Increase) in janitorial inventory	<u>(2,165)</u>

**NET CASH PROVIDED (USED)  
BY OPERATING ACTIVITIES**

197,197

**CASH FLOW FROM CAPITAL & RELATED  
FINANCING ACTIVITIES**

Purchase of capital assets	<u>(3,186)</u>
----------------------------	----------------

**NET CASH (USED) BY CAPITAL &  
RELATED FINANCING ACTIVITIES**

(3,186)

**NET INCREASE (DECREASE) IN  
CASH AND CASH EQUIVALENTS**

194,011

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

661,490

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$ 855,501

The accompanying notes are integral part of this statement.

**ASSOCIATION FOR RETARDED CITIZENS-IBERVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Association is not a component unit of another primary government nor does it have any component units which are related to it. Therefore, the Association has presented its financial statements as a separate special-purpose entity.

**Basis of accounting**

The financial statements are prepared on the accrual basis wherein revenues are recognized when earned and expenses are recognized when incurred.

**Property and equipment and depreciation**

Property and equipment is stated at cost, unless donated. Donated property and equipment is stated at fair market value as of the date of the gift. Depreciation is charged to operations using the straight-line method at various rates calculated to extinguish the book value of items over their useful lives.

**Income taxes**

The Association is a nonprofit organization and has been granted tax exempt status under Section 501(c) (3) of the Internal Revenue Code.

**Financial Statement Presentation**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the Statement, the Organization has discontinued its use of fund accounting.

**Contributions**

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association for Retarded Citizens-Iberville, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment is scheduled as follows:

	<u>BALANCE</u> <u>6/30/2005</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>6/30/2006</u>
Vehicles	\$ 133,355	\$ -	\$ -	\$ 133,355
Workshop tools	9,619	3,186	-	12,805
Furniture and fixtures	32,811	-	-	32,811
	175,785	3,186	-	178,971
Accumulated depreciation	(145,014)	\$ (11,897)	\$ -	(156,911)
<b>Total Property and Equipment</b>	<b><u>\$ 30,771</u></b>			<b><u>\$ 22,060</u></b>

**NOTE C - ACCOUNTS RECEIVABLE**

Iberville Parish Council	\$ 1,664
State of Louisiana Department of Health & Hospitals, Office of Human Services, Division of Mental Retardation: Cost Reimbursement	14,811
Community Network, Inc.	15,812
Sysco, Inc	6,183
Clarence Agee Trust fund	2,417
Other Receivables (including Medicaid)	148,739
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b><u>\$ 189,626</u></b>

**ASSOCIATION FOR RETARDED CITIZENS-IBERVILLE, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE D - CASH**

The total cash held by the Association at June 30, 2006 includes \$813,320 in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

**NOTE E - BAD DEBTS**

During 2006, there was an unexpected death of a key employee. Due to her illness and then death, the bookkeeping process had fallen behind. A new business manager was hired during February 2006. At this time, she began inputting receipts and disbursements to allow the Association to be able to generate a current set of financial statements. It was during this time that the new business manager discovered manual written checks to the deceased employee, no support for the same miscellaneous disbursements, and forged authorized signatures. Management, the board of directors, the Louisiana Legislative Auditors, and other funding agencies were informed of these findings. During the fiscal year ended June 30, 2006, approximately \$7,806 of bad debts was recorded on the income statement due to the above mentioned fraud allegations. Due to the small dollar amount in relation to the financial statements as a whole, this amount is not considered to be a material misstatement. This finding is also referenced on Schedule 2 as a finding and questioned cost.

Management has implemented various controls to help prevent any reoccurrence of fraud. They are as follows:

1. Monthly financial statements are to be mailed to the board members for review and approval.
2. Proper support for every check written will be reviewed and approved by management.
3. The minutes will reflect that bank reconciliations have been completed and approved.
4. Management will review monthly bank statements and copies of checks.
5. Management will maintain total control of manual checks.

## SUPPLEMENTARY INFORMATION

**SCHEDULE 1**

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.  
INSURANCE IN FORCE  
JUNE 30, 2006  
(Unaudited)**

<b>Insurer</b>	<b>Type of Coverage</b>	<b>Amount</b>	<b>Inception Date</b>	<b>Term in Months</b>
Transcontinental Insurance Co.	Comprehensive General Liability and Comprehensive Auto and Liability	BI & PD Combined \$1,000,000 per occurrence	July 1, 2005	12
Transcontinental Insurance Co. Savant Insurance Services Western Surety Co.	Janitorial bond		February 28, 2006	12
Louisiana Habilitation Providers, Inc.	Workers' Compensation	Statutory	July 1, 2005	12
Frontier Insurance Co.	NARC Director/Officers' Liability	\$1,000,000	April 1, 2006	12



**SCHEDULE 2**

**ASSOCIATION FOR RETARDED CITIZENS-IBERVILLE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2006**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_yes      X  no
- Reportable condition identified that are  
not considered to be material weaknesses?   X  yes    \_\_\_\_\_no

Noncompliance material to financial statements  
noted?

\_\_\_\_\_yes      X  no

**B. FINDINGS- FINANCIAL STATEMENTS AUDIT**

**2006-1 Lack of Documentation**

Condition:

It was noted that several miscellaneous payments lacked proper documentation.

Criteria:

All disbursements should be supported by an invoice verifying the date, payee, and amount.

Effect:

Inadequate documentation is evident of a lack of internal controls over disbursements.

Recommendation:

All disbursements should be properly supported. Documentation includes invoices, mileage sheets, hotel receipts, seminar registration forms, charge card slips, etc. These sources should verify the date, payee, and amount.

**ASSOCIATION FOR RETARDED CITIZENS-IBERVILLE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**

**B. FINDINGS- FINANCIAL STATEMENTS AUDIT**

**Management's Response:**

The Association has established the following written policies concerning its financial procedures:

1. Monthly financial statements will be mailed to the board members for their review and approval at the quarterly board meetings.
2. Proper support for every check written will be reviewed and approved by management.
3. The minutes will reflect that bank reconciliations have been completed and approved.
4. Management will review the monthly bank statements and copies of checks.
5. Management will have total control of the manual checkbook. This checkbook is to be used for unusual emergencies when computer checks are not possible.
6. The Executive Director will be the individual responsible for signing checks. Any checks over \$10,000 will require the approval of the President of the Board of Directors.
7. The accounting firm will conduct quarterly random tests of the implemented financial procedures.
8. The business manager is supervised by the executive director who in turn reports to the board of directors. At the board meetings, the business manager and the executive director will review the financial statements.
9. The Association will insure to the best of its abilities that there will not be any criminal actions by any person employed by the Association for Retarded Citizens- Iberville.